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**Date: June 21, 2017 Lymarie V. Llovet-Ayala**

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**EX SECRETARY OF PUERTO RICO DEPARTMENT OF SPORTS AND RECREATION INDICTED FOR RECEIVING KICKBACKS, FRAUD, AND MONEY LAUNDERING**

***Six other individuals also charged in the $9.8 million conspiracy***

 SAN JUAN, Puerto Rico– Ramón Orta, former Secretary of the Department of Sports and Recreation (PR DRD), his Special Assistant Edgardo Vazquez-Morales, and four other individuals have been indicted and arrested for their participation in a conspiracy to steal federal funds involving fraudulently obtained contracts from the PR Department of Education (PR DOE) and the PR Public Housing Authority (PR PHA), announced U.S. Attorney Rosa Emilia Rodríguez-Vélez of the District of Puerto Rico. Orta and Vázquez-Morales were also charged for soliciting and receiving multiple kickback payments from a seventh defendant pertaining to DRD’s lease of a facility in Guayama, Puerto Rico. The United States Department of Education, Office of Inspector General, is handling the investigation with the Federal Bureau of Investigation and the United States Department of Housing and Urban Development, Office of Inspector General.

The indictment returned yesterday, June 20, 2017, by a federal grand jury in the District of Puerto Rico, includes 50 counts against the following individuals:

1. Ramón Orta-Rodríguez, the Secretary of the Puerto Rico Department of Sports and Recreation (PR DRD) from January 2013 until December 2016;
2. Edgardo Vázquez-Morales, the Special Assistant to Ramón Orta-Rodríguez from January 2013 until December 2016;
3. Oscar Rodríguez-Torres, President of Rosso Group, Inc.;
4. Miguel Sosa-Suárez, owner of Global Sports Initiative, LLC (“Global”);
5. Irving Riquel Torres-Rodríguez, President of Administrative, Environmental and Sports Consultants Corp. (“AESC”);
6. Cecilia Amador-López, wife of defendant Riquiel-Torres; submitted proposals to PR DOE
7. Juan Carlos Ortiz-Nieves, owner of Sports Consultants Inc.

The companies involved in the conspiracy are:

1. Rosso Group Inc. (“Rosso”), created to fund projects awarded by Orta-Rodríguez as Secretary of the PR DRD. From 2013 to 2016, Rosso received approximately $8,767,446.52 from PR DRD.
2. Global Sports Initiative, LLC (“Global”), was a domestic non-profit corporation managed by Sosa-Suárez; engaged in managing, organizing, and promoting boxing events in Puerto Rico and elsewhere. Global received approximately $500,000 during the conspiracy.
3. Administrative, Environmental and Sports Consultants Corp. (“AESC”), a for-profit corporation. Irving Riquel Torres-Rodríguez was the president and treasurer of AESC from 2010 until 2012, and in 2015. AESC received $554,246.89 from Rosso.
4. Sports Consultants Inc., a for-profit corporation incorporated by Juan Carlos Ortiz-Nieves; the company received in excess of $70,000 from Estate A to make kickback payments to Orta and Vázquez.
5. Estate A (an estate with multiple members, including defendant Ortiz-Nieves) owns property in Guayama, Puerto Rico. In 2015, Ortiz-Nieves negotiated a lease agreement on behalf of Estate A for the PR DRD to utilize a portion of the land and building as a sports and recreation facility with a five-year term at $14,500 per month.

According to the indictment, the defendants used Orta-Rodríguez’ position as Secretary of PR DRD to benefit and enrich themselves and defraud the United States as follows:

* Orta-Rodríguez utilized his position as Secretary of PR DRD to solicit federal funds from the PR DOE and PR PHA based on material misrepresentations regarding PR DRD’s ability to perform the activities and the scope of the activities subject to the proposals. Orta-Rodríguez, as Secretary of PR DRD, entered into contracts with Rosso, for the administration of various projects funded with federal monies. Rosso did not participate in any competitive bidding or evaluation process for the award of these contracts, which totaled $10,510,460. The services were supposed to be rendered by PR DRD, pursuant to its contracts with the PR DOE and PR PHA.
* The PR DRD-Rosso contracts were inflated to provide net proceeds to Rosso, which were later distributed amongst co-conspirators. The co-conspirators split approximately $3.9 million in net profits from the PR DOE contracts. Orta-Rodríguez obtained net proceeds of approximately $799,740 for PR DRD on one education project. Orta-Rodríguez also disbursed $200,000 in discretionary funds to other co-conspirators to operate and promote boxing events through Global.
* DRD contracted the services of ROSSO to provide television programming services for one television show about public housing projects in Puerto Rico. SOSA agreed with the individual who provided the services, to inflate the invoices for those services and to produce a second television show, DRD.TV, for the DRD. In 2015, SOSA was paid the difference between the actual cost of the production of both shows and the inflated invoice cost, which was paid from HUD funds. In 2016, ROSSO was paid this difference. DRD was also able to use federal funding for the DRD.TV show, which was outside the scope of the federal funding. SOSA was paid $311,345.30 on the HUD contracts by the television producer. ROSSO was paid $237,609.12 by the producer on the HUD contracts. The total amount misapplied by ORTA and excessively paid on the HUD contract (including the DRD.TV show) was approximately $1,216,650. Federal funds fraudulently obtained by members of the conspiracy were utilized for business ventures, travel, and to make purchases for political campaigns and political parties.
* Orta-Rodríguez executed a five-year lease agreement with Estate A for $14,500 which was in excess of the $8,500 price proposed by Ortiz-Nieves. Ortiz-Nieves created Sports Consulting and caused the transfer of funds from Estate A to Sports Consulting so that cash withdrawals could be made to pay Orta-Rodríguez and Vázquez-Morales the kickback payments generated from the $6,000 difference of the lease agreement. Approximately $26,000 was paid, in cash, as kickbacks to Orta-Rodríguez and Vázquez-Morales.

The indictment also includes the following substantive charges: nine counts of wire fraud; two counts of mail fraud; five counts of aggravated identity theft; and twenty-seven counts of money laundering.

“Public corruption continues to erode the trust between government officials and our citizens. Defendant Ramón Orta, along with his coconspirators, exploited his government position to rob Puerto Rican taxpayers of more than $10 million,” said U.S. Attorney Rosa Emilia Rodríguez-Vélez. “As Secretary of the DRD, Orta was entrusted with performing his duties honestly and ethically. The charged offenses are reprehensible, more so in light of Puerto Rico’s fiscal crisis. I commend the commitment of the agents, financial analysts, and prosecutors whose tireless work made these arrests possible.”

“These defendants knowingly and willfully abused their positions of trust for personal gain. That is unacceptable,” said Aaron Jordan, Assistant Inspector General for Investigations at the U.S. Department of Education. “I want to commend the OIG Special agents and our law enforcement colleagues whose efforts brought about today’s actions and helped stop such calculated plunder. The OIG will continue to aggressively pursue those who misappropriate Federal education funds for their own selfish purposes. Our students and taxpayers deserve nothing less.”

“The public must be able to trust the officials who are put in charge of government funds. Anyone who violates that trust will be brought to justice, because the citizens of Puerto Rico deserve no less. The FBI is proud to share this commitment with its partners from the United States Attorney's Office, and the Inspectors General for the Departments of Education and Housing and Urban Development,” stated Douglas Leff, Special Agent in Charge of FBI, San Juan.

“Our core mission is to investigate cases where there is evidence of waste, fraud and abuse involving H.U.D. programs. It is through the collective law enforcement effort present here today that we are able to ensure the integrity of those programs and to pursue those that would use them for personal gain,” stated Nicholas Padilla, Jr., Assistant Inspector General for Investigations, United States Department of Housing and Urban Development, Office of the Inspector General.

The case is being investigated by the United States Department of Education Office of Inspector General in conjunction with the FBI’s San Juan Division and the United States Department of House and Urban Development Office of Inspector General. The case is being prosecuted by Assistant U.S. Attorney Seth Erbe. If found guilty, the defendants are facing possible sentences of up to 10 years for conspiracy, theft of government funds, and bribery, and up to 20 years for mail fraud, wire fraud and money laundering.

The charges contained in the indictment are merely accusations. The defendants are presumed innocent unless and until proven guilty.

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